

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

BOONESBORO WATER ASSOCIATION,)	
INC., (1) FOR APPROVAL OF THE)	
INCREASED RATES PROPOSED TO BE)	CASE NO. 9312
CHARGED BY THE ASSOCIATION TO)	
THE CUSTOMERS OF THE ASSOCIATION;)	
(2) APPROVAL OF THE RULES AND)	
REGULATIONS)	

O R D E R

IT IS ORDERED that Boonesboro Water Association, Inc; ("Boonesboro") shall file an original and 10 copies of the following information, with a copy to all parties of record, within 3 weeks of the date of this Order. If neither the requested information nor a motion for extension of time is filed by the stated date, the Commission may dismiss the case without prejudice.

1. Provide a separate usage table (similar to Table 1 in the Response filed June 26, 1985) for each meter size larger than 5/8-inch for the test year.

2. Provide copies of any studies, analysis, comparisons, or other justification for the proposed change in rate design.

3. Provide a usage table for sewer customers showing the annual bills for sewer customers during the test year at the various water usage levels utilized in determining the charges for sewer service.

4. Explain the reasons and provide any further justification available for retaining a sewer rate based on a percentage of the water bill rather than a flat rate.

5. Please provide supporting documentation for the charging of both a late payment penalty and interest on unpaid accounts, stated as a PSC precedent Page 2 of Exhibit D to the Response filed June 26, 1985.

6. 807 KAR 5:006, Section 7, provides for an equal deposit amount for all customers of the same class, but limits it to not more than 2/12 of the customer's estimated annual bill. Provide supporting documentation for charging deposits of 2/12 of the estimated annual bill or \$75 whichever is greater, stated as a PSC precedent on Page 2 of Exhibit D to the response.

7. Provide detailed cost justification for the change in tap fees and for the special charges including the \$50 charge for changing or testing a meter, according to the forms attached hereto.

8. Does Boonesboro currently have any customers who are billed on the field connection rate schedule? If so, how many?

9. Boonesboro's current tariff contains a rate schedule for 1 1/4-inch meters. Are any customers currently served under this rate schedule? If so, how many? If not, is use of this size meter anticipated in the future?

10. A substantial reduction is proposed for tap fees for 1 1/2-inch and 2-inch meters. Please explain.

11. The current tariff provides for a \$200 connection fee for fire hydrants plus \$50 per year water usage rental.

(a) How many fire hydrants are presently in service?

(b) How much revenue was generated from water usage rental during the test year?

(c) Explain why the water usage rental rate is being deleted.

(d) If this rate is deleted, from what revenue source will maintenance for the fire hydrants be paid?

12. The annual report attributes the total uncollectable accounts of \$1547 to water service.

(a) Were any uncollectable accounts attributable to sewer service?

(b) If so, what is the amount?

(c) Are any such sewer service uncollectables included in the \$1,547 or are they in addition?

(d) What effect, if any, would the uncollectables have on the adjustment factor used with the computer model?

13. The following are in reference to the note due to Rockwell Village, Inc:

(a) Do you foresee the possibility that payments will be made on the note prior to 1988?

(b) If not, how do you plan on recording the retirement of the note in 1988?

14. Provide an explanation of what is included in Account No. 301-Organization in the amount of \$14,919 and whether it has been fully amortized.

15. Provide the journal entries which Boonesboro recorded when it installed or acquired the sewer utility.

16. Are all of the sewer utility's customers also customers of the water utility?

17. Provide a detailed breakdown with a full description of major expenses included in the following water utilities maintenance accounts for the test period. (Items less than \$50 may be grouped and repetitive or like items may be consolidated and shown as a single or combined amount.)

Maintenance of Mains	\$ 40,044
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Meters	\$ 3,647
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18. Provide a breakdown of the Injuries and Damage Expense in the amount of \$5,072 in the following manner:

(a) Policy and type of coverage.

(b) The period the policy covers.

(c) Payments made during the test period and the annual cost of the policy.

19. Provide a breakdown of the sewer utilities maintenance of other plant facilities in the amount of \$8,080.

20. Provide the name(s) of all employee(s), a full description of the duties performed, estimated time per week or test period performing those duties, and the hourly wage and/or base salary paid for their duties. (List the employee(s) by account in which his (their) salary is included in and provide a total of that account. Any allocation of salaries between accounts should also be provided.)

21. In the response to the initial information request Boonesboro stated that the only expenses that the sewer utility incurred during the test period was plant maintenance and depreciation expense. After a review of the water utility's income statement it appears that expenses incurred jointly (i.e. purchased water, insurance, administrative, etc...) would be more appropriately apportioned between the two divisions. Please review these common expenses and provide the following:

- (a) The expenses that are common to both divisions.
- (b) The expenses in total and apportioned between the two divisions.
- (c) The methods apportionment used and why?

22. The following are in reference to the purchase of the boring machine:

- (a) What is the life of the lease?
- (c) Does the utility have an option to purchase?
- (d) Provide a copy of the lease.

23. Did the utility require bids to be taken on the proposed purchase of the mobile telephone system? If so, provide copies of those bids.

24. Does the utility still plan to purchase the mobile telephone system on October 1, 1985?

25. What criteria does Boonesboro use in capitalizing expenditures?

26. Explain the differences in the operating expenses in the annual reports and the audit reports.

Done at Frankfort, Kentucky, this 26th day of July, 1985.

PUBLIC SERVICE COMMISSION

Richard D. Tennison
For the Commission

ATTEST:

Secretary

Special Charge Cost Schedule

Type of Special Charge: _____

1. Field Expense

A. Materials (Itemize)

_____	\$ _____
_____	_____
_____	_____

B. Labor (Time and Wage)

_____	_____
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Subtotal Field Expense _____

2. Clerical and Office Expense

A. Supplies

\$ _____

B. Labor

Subtotal Clerical and Office Expense _____

3. Miscellaneous Expense

A. Transportation

\$ _____

B. Other (Itemize)

_____	_____
_____	_____
_____	_____

Subtotal Miscellaneous Expense _____

Total Expense _____

COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
P.O. BOX 615
FRANKFORT, KENTUCKY 40602

Average Metered Service Connection Expense

Name of Utility: _____ Address: _____

The following is an itemization of expenses for providing a metered service connection.

A. Meter Size

5/8-Inch ☐ 3/4-Inch ☐ 1-Inch ☐ 1 1/2-Inch ☐ 2-Inch ☐
Other (specify) _____

B. Materials Expense

	<u>Quantity</u>	<u>Unit Cost</u>	<u>Total Cost</u>
1. Water Meter	_____	\$ _____	\$ _____
2. Meter Yoke	_____	_____	_____
3. Corporation Stop	_____	_____	_____
4. Meter Box and Top	_____	_____	_____
5. Miscellaneous Fittings	_____	_____	_____
(Itemize)	_____	_____	_____
6. Subtotal (Add column 3)			

\$

C. Service Pipe Expense

Type of Service Pipe: _____ Size of Service Pipe _____

	<u>Quantity</u>	<u>Unit Cost</u>	<u>Total Cost</u>
1. Short Side Service	_____ L.F.	\$ _____ L.F.	_____
2. Long Side Service	_____ L.F.	\$ _____ L.F.	_____
3. Subtotal (Add column 3 and divide by 2)			\$

D. Installation Expense

Labor

	<u>Total Hours</u>	<u>Rate Per Hour</u>	<u>Total Cost</u>
1. Short Side Service	_____	\$ _____	\$ _____
2. Long Side Service	_____	_____	_____
3. Subtotal (Add column 3 and divide by 2)			\$

Equipment

	<u>Total Hours</u>	<u>Rate Per Hour</u>	<u>Total Cost</u>
1. Short Side Service	_____	\$ _____	\$ _____
2. Long Side Service	_____	_____	_____
3. Subtotal (Add column 3 and divide by 2)			\$

Miscellaneous

	<u>Total</u>	<u>Rate Per Hour</u>	<u>Total Cost</u>
1. Inspection	_____	_____	_____
2. Site Clean-Up	_____	_____	_____
3. Other (Itemize)	_____	_____	_____
4. Subtotal (Add column 3)			\$

E. Overhead Expense

1. Installation expense (\$ _____) x
overhead rate (_____%)

\$

F. Administrative Expense

1. Office expense for establishing a new account
and billing record.

\$

G. Expense Summary

1. Total of items B-F

\$